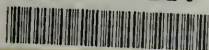


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PROCEEDINGS
OF THE
Convention of Cotton Planters,

HELD IN MACON, GA., JULY 4, 1861,

*With a Communication on the proposed issue of Treasury
Notes by the Confederate Government,*

BY DUFF GREEN, ESQ.

—o—

MACON, July 4th, 1861.

The Convention assembled at Concert Hall at 11 o'clock, A. M., and was organized by the appointment of Col. JAMES M. CHAMBERS of the county of Muscogee, as President, and Col. John J. Gresham of the county of Bibb, as Secretary.

On motion of Col. A. S. Atkinson of Georgia, the following resolution was adopted:

Resolved, That all citizens of the Confederate States, who feel an interest in the object of the Convention, be invited to participate in its deliberations.

Under the above resolution, upon a call of the States, a large number of delegates, representing the States of South Carolina, Georgia, Florida and Alabama, appeared and enrolled their names.

On motion of J. H. R. Washington, Esq., of Georgia, a committee of three was appointed to wait on Ex-Gov. Morehead of Kentucky, who was visiting the city, and invite him to occupy a seat on the floor of the house, and to participate in the deliberations of the Convention. Committee appointed was J. H. R. Washington, Thaddeus G. Holt and A. S. Atkinson.

A communication from Dr. J. Dickson Smith, of Macon, Ga., was read, offering for gratuitous distribution a number of

copies of an essay prepared by him on the hygienic treatment of slaves, and the essays placed on the clerk's desk.

On motion of Gen. Whitfield of Florida, the following resolution was adopted:

Resolved, That a committee of two delegates from each State represented in the Convention, be appointed by the chair to nominate one Vice President for the Convention from each of these States, and to report rules for the government of the deliberations of this body.

Under the above resolution, the Chairman appointed E. D. Huguenin, G. A. Chaires, I. C. West, R. J. Mays.

The committee appointed to wait on Gov. Morehead, introduced him to the Convention, when he was warmly greeted, and responded in a most eloquent and patriotic address in relation to the present condition and future course of Kentucky.

The following resolution, offered by Ex-Gov. J. E. Broome of Florida, was adopted as a substitute for one offered by Mr. D. W. Roberts of Cobb county, Ga.:

Resolved, That a committee of eleven be appointed by the Chair to consider and present to the Convention, the best means of aiding financially the Confederate States Government.

The following was the committee appointed under this resolution: Gov. James E. Broome, Gen. Whitfield, Geo. K. Walker, W. Call, of Florida; Howell Cobb, A. S. Atkinson, J. H. R. Washington, C. G. Baylor, Thomas M. Foreman, of Georgia, and James W. Castens of Alabama.

Subsequently, Gen. Duff Green was added to the committee by resolution.

The following resolution, offered by Mr. C. G. Baylor, was adopted:

Resolved, That the Governor of this State be requested to take such steps as may be necessary, to enable him to place before the people, or their representatives in the Legislature, such information as may serve to promote the development of the cotton yarn interest of the South, with a view to opening a foreign demand for Southern spun cotton yarns.

Mr. W. Call, of Florida, presented a series of resolutions, which were read, and, on his motion, referred to the committee of eleven.

Gen. Duff Green presented an essay prepared by him on the subject of the finances of the Confederate Government, which,

without being read, was, on his motion, referred to the committee of eleven.

C. G. Baylor having declined to serve on the committee of eleven, Thomas E. McNeill, of South Carolina, was appointed in his place.

On motion, two additional secretaries were appointed—T. R. Bloom and James T. Nisbet, of Macon.

Convention adjourned until to-morrow morning at 9 o'clock.

MACON, July 5th, 1861.

The Convention met pursuant to adjournment.

The following resolutions were presented by Hon. A. E. Cochran of Georgia, and, at his suggestion, laid upon the table until the report of the committee of eleven should be disposed of:

1. Resolved, That this Convention, having in view the appreciation of the bonds of the Confederate States in the hands of the planters, who shall furnish the Government in its emergency, with the products of their labor in exchange for such bonds, and with the further view of securing their general circulation in payment of debts, at least at par value, respectfully recommend to the Legislatures of the several States of the Confederacy, to authorize by enactment, the several banks therein to issue bills—say to the amount of one-third of their capital stock—based upon such Confederate State bonds, dollar for dollar, under such regulations as each Legislature may deem wise and proper.

2. Resolved, That the State Legislatures be requested to provide by law for the investment of the funds in the hands of executors, administrators, guardians and other trustees in the bonds of the Confederate States.

Mr. McNeill of South Carolina, laid upon the table the following resolutions:

1st. Resolved, That in consideration of the fact that there will be held in London, during the next year a "World's Fair;" also, that the productions and resources of the Confederate States are comparatively but little known to the world; it is considered by this Convention desirable that the governments of the several States, and also the Confederate States, shall take such steps as will place them before the world in a proper manner.

2d. Resolved, That the Governors of each of the Confeder-

ate States are requested to appoint at once suitable persons to make such selections of agricultural products, † native woods, mineral ores, &c., as, in their judgment, will best accomplish the object desired, and make such arrangements as will ensure their proper representation.

Resolved, That a copy of these resolutions be forwarded to the Governors of the several States of the Confederacy, by the President of this Convention.

The committee appointed to select Vice Presidents for the Convention, reported the names of Williams Rutherford of Georgia, Thomas McNeill of South Carolina, J. W. Castens of Alabama and George K. Walker of Florida, which report, on motion, was adopted.

J. H. R. Washington of Georgia, chairman of the committee of twelve, announced that the committee had not been able to agree, and submitted the report of the majority. The following minority report from the same committee, was submitted by Ex-Gov. Broome of Florida.

MINORITY REPORT.

Your committee charged with the duty of presenting to this Convention, a plan for securing the largest amount of financial aid to the Government of the Confederate States, have instructed me to submit the following report :

Without entering into a discussion of the causes which have led to our present political relations to the balance of the world, we would simply say, that we are citizens of the Confederate States of America, and are ready to respond to every obligation due from good and loyal citizens to their Government. The form of Government adopted by the Confederate States, commands, in the main, the hearty approval of our whole people. The President elected and his Constitutional advisers appointed under the Provisional Government, possess the confidence of the people to an extent equalled only by that awarded to the Father of his country, and the patriots called into his councils in the earliest and purest days of the late United States Government.

The war which has been forced upon us, we recognize as the offspring of abolition fanaticism; and aided by an organized political despotism is designed to destroy the property, and forever

to crush the liberty and power of these States. The issue presented is absolute submission or complete subjugation. That issue has been accepted. The country has been called upon to furnish the men and the money necessary for the chastisement of the impudent invaders. The call has been answered by our young men to an extent entirely beyond the capacity of the Government to accept. Not by mercenary hirelings, but by the pride and flower of the country. Men whose bosoms are filled with the glorious traditions of 1776. Men who are ready to offer their lives for the preservation of constitutional liberty ; and of all that is lovely and endearing in home and its affections. These are the men who constitute our Confederate army; they are our sons, our brothers, our neighbors, our friends and ourselves. It was to consider the means best adapted to provide the money necessary for the support of such a Government, such a cause and such an army, that you, gentlemen cotton planters, assembled this Convention on the anniversary of the memorable and ever glorious 4th of July, 1776.

Your committee find themselves happily relieved from the necessity of appealing to the patriotism or liberality of the cotton planters present or absent, in behalf of this great object.— All seem ready and anxious to contribute according to their ability. Your committee will, therefore, devote themselves to the development of a plan of contribution, which in their judgment will afford to the Government the largest possible aid. It has been proposed that each cotton planter shall agree to deliver to his factor, to be sold by a day certain, such portions of his crop as he can spare for investment, and require the proceeds invested in the Bonds of the Confederate States of America.

With great respect for the wisdom of those who have suggested and advocated this plan, your Committee must express a doubt of its entire practicability. Certainty is, at this time, a necessity with the Government. To what extent can this plan be relied upon with certainty? Let us see. A planter who makes one hundred bales of cotton and sells it for twelve cents per pound, or sixty dollars per bale, will have an income of six thousand dollars. Suppose such a planter can meet his actual expenses with two thousand dollars, then he may invest his sur-

plus of four thousand in the bonds of the Confederate States. On the other hand, suppose he should receive for his crop only five cents per pound, his income will be only two thousand five hundred dollars, which will leave him only five hundred dollars for investment. With such a scale of prices the investment in the Confederate bonds would be very small: neither meeting the wants of the Government, nor the patriotic desires of the people.

But it may be said that such a price is not likely to prevail for the growing crop. Your committee hope that it will not, and readily concede that it should not. They know that the last three American crops have averaged over 4,100,000 bales; that these have been sold at fair prices, and have been insufficient for the demand. The stock now remaining on hand is considered sufficient for only twenty weeks regular consumption, while middling uplands are quoted, and scarcely to be had in Liverpool, at 7½d. equal, at an ordinary exchange, to about 15¼ cents, and are now worth in New York, about 14½ cents per pound. The growing crop is conceded on all hands to cover a less area of land, than that of the year 1860, and is not likely to exceed, if it equals, the average product of the last three years. Under such circumstances we should ordinarily be justified in expecting a very high range of prices; but the circumstances by which we are now surrounded render ordinary rules of calculation entirely uncertain. Should the blockade of the cotton ports continue, the crop cannot be sold for money, except at ruinously low prices.

Cotton is a favorite security and purchases are usually made by the use of credits. A house in Savannah, for instance, whom we will call A., desires to purchase one thousand bales of cotton. He writes to his friend B. in Macon, requesting him to purchase it for him, and draw upon him at sixty days for the amount, and enough over, to cover the discount, commissions, freight, &c., all of which is promptly done. The bank desiring exchange on Savannah, which is worth a premium, readily discounts the draft, and thus the funds are raised to give the planter the money for his cotton; but you observe, that although a cash purchase, the cash is borrowed. B. sends the cotton forward to A., that he may dispose of it and get the money to pro-

fect his draft. A. ships the cotton to Liverpool, and at the maturity of B's sixty day draft, draws upon the agent or partner of the Liverpool house, who resides in New York or New Orleans at sixty days, for the amount, which draft is a lien upon the cotton sent forward. The Bank in Savannah desiring exchange on New York or New Orleans, to sell at a premium, readily discounts the bill, and supplies the money to pay B's draft. This draft matures in New York or New Orleans, and then the agent or partner draws at sixty days sight, upon the house in Liverpool, and discounts the draft with some Banker or merchant, who wants European exchange. Before its maturity the cotton is sold to the manufacturer, or exporter, on three months and ten day's credit, and his note discounted, and the money raised to pay the draft.

Thus it is seen that the one thousand bales having passed through a system of credits covering a period of nearly ten months, finally furnishes the money to pay for its own original purchase, and yet everybody has been paid at maturity; and this is the history, substantially, of nine out of every ten bales of cotton raised in the Confederate States of America.

These various credits are based upon the cotton, and could not exist without its shipment. Destroy this system of credit and the whole cotton crop sold, would have to be paid for in cash, and its value would be measured by the avarice of a few speculators and corporations, who might chance to have a few millions of dollars.

Thus it is seen, that with our ports blockaded, the exportation of cotton prohibited—the basis of credit destroyed, and our planters bound to sell on a day certain, the prospect of a large investment in Confederate State Stocks is by no means flattering.

Your Committee however, will present for your consideration a plan, which if adopted by the Government, they think may be relied upon to meet its financial wants. Instead of the planter selling his cotton for bank bills, and investing them in the bonds of the Confederate States, let the Government enter the market as a purchaser, at a minimum price, of all the cotton offered for sale, that is not wanted by other purchasers at or above that price.

Let the price established as a minimum be a fair one; say the average price paid for the last three crops. Let middling cottons be assumed as the basis, and the price be graded above and below as is now done in regular commercial transactions.—No derangement need be experienced in the management of the crop. The planters' factors would sell it as usual, but the Government Agent or Sub-Treasurer being the best bidder, would of course command the staple. The payment should be made in Treasury notes of the Confederacy, of denominations ranging from five to one hundred dollars, having five years to run, and should be made the general circulating medium. They should bear a small interest, and be convertible into 8 per cent. bonds at the pleasure of the holder. These Treasury notes being received at par by the cotton planters would become immediately a paper circulation of uniform value throughout the Confederate States, and would be a credit equal to gold and silver to the Government in the purchase of all Commissary and Quarter Master's stores—in the payment of troops, and in discharge of the pressing engagements of every description. The fact announced that the great cotton planting interest of the country, having \$200,000,000 vegetable gold almost ready to gather, had voluntarily placed it at the disposal of the government, receiving as cash their Treasury notes in payment, and that such aid had been accepted, would exert a moral effect upon the European nations which it would be difficult to estimate.—The Government, backed by 200,000,000 dollars in cotton, which to the world has become a necessity nearly equal to that of bread, would be able, with such a concentration of commercial power, to control the question of commercial treaties with the principal commercial nations of the world. Our credit would immediately be established in the principal money marts, and a peace upon our own terms, be conquered at an early day.

But the advantages to result to our people individually would be scarcely less important than those that would be conferred upon our Government.

The crop, in this way, instead of remaining in the planter's Gin House, or being locked up on planter's account in his factor's stores, would be actually sold, and the proceeds go into active circulation—thus enabling the planter to pay his merchant,

the merchant to pay his banker, and the banker to discharge his obligations to the community. The country would show its capacity for prosperity even in war, and while failure is legibly written upon the financial schemes of our enemies, our Government and people would show a strength and energy unequalled by any young Government of which history has yet spoken. Nor would the cotton planter be alone benefitted. The establishment of a Treasury note currency upon such a basis, would enable the Government to pay for the vast supplies of grain, flour, bacon, pork, forage, &c., necessary for the vigorous prosecution of the war, in a currency equal to specie, and thus distribute its benefits throughout the entire country.

Such a system your Committee believe, would effectually concentrate the cotton crop where it could be made most effective for our political and commercial benefit, and at the same time would impart life, energy, and prosperity to the various and multiplied interests of the country at large. They, therefore, recommend the adoption of the following resolutions :

Resolved, That in the opinion of this Convention, the best and most extensive aid that can be given by the cotton planters to the Government financially, will be by selling to their agents the entire cotton crop, at a fair price, say the average price of the last three crops, and receive in payment for the same, their Treasury notes, bearing a low rate of interest, and to be used as a circulating medium, and to be converted into eight per cent. bonds at the option of the holder.

Resolved, That should the Government decide to enter the market as is here suggested, we pledge ourselves to sell our entire crop of cotton for the said Treasury notes, and to use our best efforts to induce every cotton planter in the country to do the same.

Resolved, That should the Government decline to enter the market as a purchaser, we then recommend to our fellow planters throughout the Confederate States, to invest their whole income, above actual expenses, in the bonds or Treasury notes of the Government.

Resolved, That this Convention will send delegates to Richmond to confer with the Government, and, if possible, procure their assent to the proposition contained in the first resolution.

JAMES E. BROOME, Chairman.

A minority report from the committee of twelve, not differing materially from the majority report, was also submitted by

W. K. Call of Florida, but subsequently withdrawn, after the majority report had been modified and presented, as follows :

MAJORITY REPORT.

The Committee of Twelve appointed to consider and present to the Convention, the best means of aiding the Government of the Confederate States, begs leave to report the following resolutions, which we think cover the whole ground, and we respectfully recommend their passage by the Convention.

1st. Resolved. That we do hereby declare our willingness to aid the Government with the entire Cotton crop, if the same shall be needed for its use.

2d. Resolved. That we recommend to the Cotton Planters of the several States, to hold meetings in their counties and pledge themselves to aid the Government, with such part of the growing crop as may be required for that purpose.

3d. Resolved. That we recommend to the Congress of the Confederate States to consider and devise some system by which the Cotton and other crops may become available in support of the credit of the Government, either as a security for loans of money to the Government, or as a basis for bonds and treasury notes issued thereby.

4th. Resolved. That if, in the judgment of Congress, the purchase and control of Cotton and other products be deemed advisable, we recommend an issue of the public credit for that purpose, in the purchase by the Government of such part or the whole of our exportable products, as may be deemed expedient by Congress.

5th. Resolved. That we recommend to the Congress of the Confederate States, to authorize the issue of Treasury notes of denominations suited for circulation as currency, for an amount equal to the exigencies of the Government. Such notes to be paid out as money in payment of all Government dues, and made receivable for all taxes and duties, and convertible into eight per cent. bonds of the Confederate States, at the pleasure of the holder.

6th. Resolved. That we recommend the several Confederate States and the people thereof, that they receive and pay out at par the Treasury notes of the Confederate Government, and that it be recommended to the Cotton Planters and all other citizens of the Confederate States, to pledge themselves to receive said Treasury notes at par value, for their cotton, and other commodities, and for all the uses of currency.

7th. Resolved. That we recommend to the planters and farmers in the Confederate States, to invest at least one-half of the

proceeds of the sale of their entire crops in the eight per cent. bonds of the Confederate States; and to Capitalists and persons having money to lend that they invest in like manner in these bonds.

A long, able and interesting discussion upon these two reports took place-- participated in by Messrs. C. G. Baylor, Geo. K. Walker, Duff Green, Gen. Whitfield, J. E. Broome, A. S. Atkinson, J. H. R. Washington, W. K. Call, and other members of the Convention, and after a test vote, the minority report was withdrawn, and that of the majority adopted.

The resolutions laid upon the table during the morning session, by Hon. A. E. Cochran of Georgia, were taken up, and after some discussion, adopted.

The resolutions laid upon the table by T. McNeill, of South-Carolina, were taken up and adopted.

The Committee of twelve, through their Chairman, J. H. R. Washington, presented the following supplemental report, which was adopted :

Your committee charged with the duty of presenting to this Convention a plan for securing the largest amount of financial aid to the Government of the Confederate States, have instructed me to submit the following supplemental Report :

One of the papers referred to there, is an extended argument by General Duff Green, accompanied by statistical tables bearing upon the subject of finance generally, and the value of convertible treasury notes particularly. From the experience and ability of the author, and the great labor bestowed upon the statistical department, your committee believe that it embodies a large mass of valuable information, and recommend that the same be published under the direction of the officers of this Convention. Adopted.

J. H. R. Washington of Georgia, presented the following resolution, which was adopted :

Resolved, That when this Convention adjourns, it will adjourn to meet in this city on the 15th October next, and that we invite the Agriculturists of every State and county in the Confederate States, to meet with us on that occasion, and unite with us in presenting such other and further measures for the support of our Government as may be just and proper.

The following resolution, presented by A. S. Atkinson of Georgia, was adopted :

Resolved, That J. H. R. Washington, T. G. Holt. E. D.

Huguenin and A. E. Cochran, be a committee with power, if in their opinion the public exigencies require it, to call a meeting at an earlier day.

Mr. Baylor, of Georgia, presented the following resolution, which was adopted:

Resolved, That a copy of the proceedings of this Convention be transmitted to the President of the Cotton Planters' Convention of Georgia, by which body the meeting of this Convention was first suggested.

The Convention, then after a vote of thanks to its officers, and the passage of a resolution, requesting the newspapers of the Confederate States to publish the proceedings, adjourned to meet in Macon, on the 15th day of October next.

J. M. CHAMBERS, President.

JOHN J. GRESHAM,
THURSTON R. BLOOM,
JAMES T. NISBET,

} Secretaries.

Remarks on the proposed issue of Treasury Notes.

The Confederate States propose to contract a loan of fifty millions of dollars, of which twenty millions of dollars to be in the shape of Treasury Notes, without interest, but receivable in payment of public dues and convertible into Bonds, bearing eight per cent. interest. It is proposed that the States and cities, towns and counties of the several States shall make these notes receivable for taxes, and that the Banks and Railroad Companies shall receive them and pay them out as currency. The question to be considered is, Can such notes be made a currency equal to specie?

The constitution gives to Congress power "to coin money, and regulate the value thereof, and of foreign coin," and declares that no State "shall make anything but gold and silver coin a tender in payment of debts." Therefore, nothing but gold and silver is money. Yet Bank notes, which are paid on demand in specie, are accounted and used as money; and such notes have again and again been so used, even when the Banks issuing them were authorized by law to suspend specie payment. The Bank of England was required, by act of Parliament, to suspend in 1797, and did not resume until 1825; and the Banks in the United States have been permitted to suspend payment

so often, and for such periods, that the confidence of the public in Bank notes, and the value of a paper currency, must be admitted.

Adam Smith says :

"The gold and silver which circulates in any country, and by means of which the produce of land and labor is annually circulated and distributed to the proper consumers, is, in the same manner as the ready money of the dealer, all dead stock. It is a very valuable part of the capital of the country, which produces nothing to the country. The judicious operations of banking, by substituting paper in the room of a great part of this gold and silver, enables the country to convert a great part of the dead stock into active and productive stock, which produces something to the country."

Again, he says :

"A paper money, consisting in bank notes, issued by a people of undoubted credit, payable on demand, without any condition, and in fact always readily paid as soon as presented, is in every respect equal in value to gold and silver money."

Ricardo says :

"If there were perfect security that the power of issuing paper money would not be abused; that is, if there were perfect security for its being used in such quantities as to preserve its value relatively to the mass of circulating commodities nearly uniform, the precious metals might be entirely discarded from circulation."

An able British writer has said :

"A variety of circumstances contribute to make taxation oppressive at different periods ; such as embarrassed trade, depreciated prices of productions, dearness of corn, a panic in the money market," &c.; and adds : "the only remedy for such a state of things is a general distribution of labor, a good supply of corn, and a money market undisturbed by continual fluctuations."

The constitution not only gives to Congress the power to coin money and regulate its value, but also "to fix a standard of weights and measures." The purpose of giving these powers to Congress was to secure, as far as practicable, a certain, fixed, value of property, by preventing fluctuations in the value of money. It was to enable the seller to know how much he is to receive, and the purchaser to know how much he is to give. It was to establish justice and right in the transactions between man and man ; and the States were forbidden to make anything else than gold and silver a tender in payment of debts, because it was supposed that the limited quantity of these metals caused them to fluctuate in value less than other commodities.

But it is apparent that in forbidding the States to make anything else than gold and silver a tender in payment of debts, it was no less the purpose of the constitution to strengthen and increase the value of credit, than to give a certain and fixed value to money. For as there could be no debts without a previous use of credit, the regulation which requires the payment to be made in gold and silver coin, the value of which had been regulated by Congress, tends to give the same value to credit as to these coins.

The Confederate States propose to borrow money. Have

they the means of payment, and will they pay as they promise to do? We believe that the people of these States have ample means within themselves to advance to themselves all the funds which they may require, and that, as the debt will be due from themselves to themselves, there can be no cause to apprehend that they will not pay themselves. If the value of credit depends on the ability of the debtor to pay and the certainty of payment, when the debt becomes due, and the people of the Confederate States become themselves the creditors of themselves, then there could be no stronger basis of credit than that of the proposed loan.

The use of public credit is of comparatively recent origin. The extent to which it may be used by an enlightened people, is illustrated by the progress of the PUBLIC DEBT OF ENGLAND. We are indebted to Ayres' Financial Register, of 1857, for a series of Tables derived from official sources. The following table shows the aggregate amount of the Public Debt of the United Kingdom, at different periods, with the amount of the public revenue.

	Debt.	Interest.	Pub. Revenue
Public Debt at the Revolution in 1688....	\$3,321,315	\$199,325	\$10,009,425
Debt contracted during the reign of William III..	78,652,195	6,355,435	
" at the accession of Queen Anne, in 1702....	81,973,510	6,554,760	19,476,000
" contracted during this reign.....	188,753,305	10,202,080	
" at the accession of George I., in 1711.....	270,726,815	16,756,840	29,459,000
" reduced during this reign.....	10,265,640	669,035	
" at the accession of George II., in 1727.....	260,461,175	16,087,805	33,810,000
" reduced during 12 years peace, ending 1739..	25,688,060	1,267,630	
" at commencement of Spanish war in 1739...	334,773,115	14,820,175	34,370,000
" increased during seven years' war.....	156,693,445	5,484,895	
" at the end of the Spanish war, in 1748.....	391,466,560	20,305,070	34,615,000
" reduced during eight years of peace.....	18,607,360	3,321,385	
" at commencement of war in 1756.....	372,859,200	16,983,685	35,635,000
" increased during seven years of war.....	360,555,030	12,230,520	
" at the end of the war, in 1763.....	733,414,230	29,204,205	42,617,220
" reduced during thirteen years of peace....	53,698,965	1,820,000	
" at opening of the American war, in 1775....	679,715,255	27,384,205	51,327,000
" increased during eight years of war.....	512,709,095	19,215,420	
" at the end of the American war.....	1,192,424,350	16,599,625	59,820,000
" reduced during ten years of peace.....	23,756,305	717,945	
" at commencement of French war, in 1793... 1,168,668,045		45,881,680	83,291,070
" contracted during French war, ending 1815..	3,655,444,160	115,244,740	
" of the United Kingdom at the consolidation of English and Irish Exchequer in 1817 }	4,824,112,205	161,126,420	370,000,000

The entire amount of the public debt of the United Kingdom is made up of several distinct items, under the heads of Funded Debt, in the shape of loans contracted, or by funding securities, of terminable and life annuities, and of the unfunded debt, consisting of Exchequer bonds and Exchequer bills. The following Table, compiled from Parliamentary Documents,

land. The first Savings Bank originated in 1804 with a woman, Mrs. Priscilla Wakefield—who, in charity, agreed to receive pennies from the laboring poor during the summer, to be repaid at Christmas with 5 per cent. interest. The sums deposited in Savings Banks had so increased that Parliament required the amounts to be placed under the control of commissioners, by whom it was invested in the public debt; and the following statement shows the number of depositors, with the amount of deposits in November, 1855. There were

180,110	persons depositing not more than....	\$5 making	\$283,590
249,876	do. " " "	5 and not exceeding \$25	3,170,700
169,638	do. " " "	25 " " " 50	5,895,255
122,787	do. " " "	50 " " " 75	7,345,605
75,501	do. " " "	75 " " " 100	6,474,285
130,154	do. " " "	100 " " " 150	15,590,080
105,614	do. " " "	150 " " " 200	17,071,813
51,459	do. " " "	200 " " " 250	11,416,850
86,229	do. " " "	250 " " " 350	26,187,520
41,285	do. " " "	350 " " " 500	17,889,015
27,076	do. " " "	500 " " " 750	15,013,340
16,518	do. " " "	750 " " " 1,000	11,247,255
25,200	do. " " "	750 " " " 1,000	21,422,480
1,489	do. depositing more than.....	1,000	1,655,410
1,281,626	individuals who deposited....		\$161,213,220
14,148	charitable institutions, which deposited.....		3,386,190
8,758	friendly societies, which deposited.....		6,686,265
1,304,823	total number of depositors, who deposited.....		\$171,315,675

These depositors receive but 2.94 per cent. per annum as interest—the difference between 3 per cent. and 2.94 per cent. (a fraction more than one half of one tenth of one per cent.) being deducted for the management of the fund. Surely if the working classes of Great Britain can absorb so large a part of a funded debt of more than four thousand millions of dollars, bearing an interest of three per cent., and the depositors in the Savings Banks can place to the use of the government more than one hundred and seventy millions, at less than three per cent. interest, the people of the Confederate States can absorb a sum, bearing interest at the rate of eight per cent., much more than sufficient to pay the whole expenditures of the government for a longer period than any probable duration of the war. In that case, all that will be required in taxes will be a sum sufficient to pay the interest on so much as may be funded; for it should be borne in mind that to the extent that these notes are used as currency, they should bear no interest, and to that extent their issue will diminish taxation. Thus, if \$200,000,000 be used as currency, the saving of interest will be 8 per cent. or \$16,000,000 per annum, which saving will be to the whole people in the

proportion which they would otherwise be required to pay taxes.

A more significant feature of the financial strength of the people of England is, that during the war with France, they advanced as loans and subsidies to Hanover, Hesse Cassel, Sardinia, Prussia, Hesse Darmstadt, Baden, Germany, Brunswick, Portugal, Prince of Orange, Bavaria, Russia, Sweden, Spain, Sicily, Austria, Morocco, Denmark, Holland, and to *France!!* the sum of \$301,047,813.

The imagination may well be startled at the magnitude of these sums, and accustomed, as we have been, to consider the Bank of England as the Regulator of the monetary system and credit of the world, we naturally assume that it is to the financial strength and great resources of that Bank that the people of England are indebted for the ability to sustain the weight of such a burden of taxation. We are the more inclined to do this because it is known that the Bank is the financial agent of the government, and that Parliament, in 1797, passed an act requiring the Bank to suspend specie payment as a means of enabling the Bank to aid in sustaining the public credit. In this connection, the following Table, showing the equivalent of three per cent. stock for the amount of debt funded, the stock created for £100 in money, the market value of the paper Pound in gold, and the value per cent. of the paper currency, with the average circulation of Bank of England notes, is given.

Years	Amount of debt funded.	Equivalent in three per cent. stock.	Stock created for £100 in money.	Market value of paper £ in gold.	Market value per cent. of paper currency.	Average circulation of Bank of Eng. notes.
	£	£	£	s. d.	£. s. d.	£.
1800	20,500,000	32,185,000	158.50	20 0 0	100 0 0	15,160,000
1801	36,910,450	63,578,100	174.54	18 3 8	91 12 4	15,800,000
1802	25,000,000	32,990,630	132.17	18 6 5	92 14 2	16,427,000
1803	12,000,000	20,483,330	173.55	19 5 6	97 6 10	16,500,000
1804	14,500,000	26,390,000	185.00	19 5 6	97 6 10	17,408,000
1805	22,500,100	41,800,000	177.30	19 5 6	97 6 10	16,876,000
1806	20,000,000	33,200,000	167.70	19 5 6	97 6 10	16,791,000
1807	15,700,000	24,798,290	159.20	19 5 6	97 6 10	16,705,000
1808	14,500,000	23,530,622	162.67	19 5 6	97 6 10	17,128,000
1809	22,532,100	36,218,740	161.39	19 5 6	97 6 10	18,917,000
1810	21,711,000	33,112,100	152.67	17 6 3	86 10 6	22,544,000
1811	24,000,000	39,724,520	166.53	18 5 1	92 3 2	23,282,000
1812	34,721,325	57,198,380	180.00	16 3 7	79 5 3	23,437,000
1813	64,755,700	118,736,690	184.87	15 5 4	77 2 0	24,023,000
1814	24,007,400	36,839,930	154.17	14 11 7	74 17 6	26,901,000
1815	54,135,580	102,787,340	191.52	16 7 8	83 5 9	26,887,000
1816				16 7 8	83 5 9	26,574,000
1817				19 5 6	97 6 10	28,274,000
1818				19 5 6	97 6 10	27,221,000
1819				19 1 3	95 11 0	25,227,000
1820				19 5 8	97 8 0	23,569,000
1821				20 0 0	100 0 0	22,471,000

These tables show that in 1800, three years after the Bank

of England had suspended specie payment, the bank note was at par, although the public credit was $58\frac{1}{2}$ per cent. below par; and that although the value of the paper pound was, in 1814, reduced to 14 shillings 11.7 pence, it was again at par in 1821, although the Bank did not resume specie payment until 1825.

Another striking fact is, that whilst the average depreciation of the Bank of England notes, as compared with gold, was less than two per cent., the depreciation of the public credit, as compared with the bank-notes was 67.60 per cent. Yet in 1806 the whole capital of the Bank was but \$58,212,000, which was then increased to \$72,765,000, of which \$70,000,000 was invested in the very securities, which were thus depreciated. This fact has a most important bearing on the proposed issue of Treasury notes.

It will be seen that a large part of the public debt of Great Britain was created before 1801, when the census shows that the population was but 10,567,893; and as the productive industry of a country is the only legitimate source of its wealth, and this of necessity depends upon the numbers and sources of employment of its people, a comparison of the population of the Confederate States and the relative value of the surplus products of their industry, with the population and value of the surplus products of the industry of other countries is the test, by which their relative resources and credit should be estimated. In these particulars the Confederate States compare favorably not only with England, but with any and all other countries, and as the foreign demand for the surplus of no other people is so great or so certain as for theirs, it follows that no other people can so safely create or so readily absorb a large public debt.

But there are other facts which belong to and bear with equal or greater force on the questions under consideration. Why is it that the average rate of interest for English securities and for money in London, rules lower than elsewhere, and that yet any one, in any other part of the world, wishing to place money in London, is required to pay a premium to do it? Is it not because the Bank of England so regulates the exchanges as to make London the financial centre of the world, and compels the commerce of the world to adjust its balances in London? The process is thus: The Bank has \$70,000,000 of its \$72,765,000 invested in three per cent. government debt, and is authorized to issue its notes for the whole sum thus invested, and for

a sum in addition equal to the bullion in its vaults. Thus, when, as in September, 1852, it had more than \$100,000,000 in specie, its issue was over \$170,000,000 of Bank notes, and interest was two per cent. only. But when, as in December, 1857, it had but \$35,000,000 in specie, the issue of Bank notes was but \$105,000,000, and interest was 10 per cent. Why ten per centum? Because the purpose was to throw upon the commerce of the country the *onus* of recruiting the bullion for its vaults, and therefore, instead of receiving the products of the industry of other countries in exchange for the products of their industry; that is, instead of an exchange of staple products, British merchants and manufacturers were compelled under the pressure of the Bank screw, to demand specie; *because*, as the Bank is compelled to curtail its circulation as the specie in its vaults is diminished, the Bank is not only compelled to curtail its discounts, but is compelled to demand specie, or its own notes, which are equivalent to specie, in payment.

Thus there being an extraordinary demand for bullion to defray the expense of the war in the Crimea and in India, (there was remitted to India in two years by one single line of steamers \$154,591,855) and as a large part of this was in silver, and the circulation of France was chiefly silver, the export of the silver from France was from January, 1852, to January, 1858, \$225,400,000 more than the imports, and the Bank of France was compelled to purchase, between the 1st July, 1855, and the 1st January, 1858, the enormous sum of \$272,600,000 in gold, at a premium of \$2,800,000, to supply the place of the silver thus transferred to India; and the custom-house returns show that the export of gold from the United States, for seven years preceeding the 1st July, 1857, was upwards of \$320,000,000. Is it not apparent that England got from France the silver sent to India, and that she obtained from the United States and Australia the gold to pay for it?

Adam Smith, Jacobs and Ricardo all agree that the gold and silver in a prosperous state constitutes in value a very small proportion of its wealth, not more than one per centum. Mr. Calhoun, in his speech in 1834, on the re-charter of the Bank of the United States, said: "What this proportion is, in our country, and other trading and commercial communities, is somewhat uncertain. I speak conjecturally in fixing it as 1 to "25 or 30; though I presume this is not far from the truth."

The Bank of England notes were, in 1797, made, and continue to be, a legal tender in payment of debts. "Money" has been defined to be "a token issued by government, and made a tender in payment of debts," and a Bank of England Note is, therefore, money in England.

As the money (to use the language of Adam Smith) "which circulates in any country, and by means of which the produce of its land and labor is distributed to the proper consumers," is so small a part of the aggregate value of its property, it follows that if any part of that which is requisite to make that distribution be arbitrarily withdrawn, such diminution must necessarily affect the exchangeable values of the aggregate property, *not in the proportion which the sum so withdrawn bears to the sum in previous circulation, nor in the proportion which the sum so withdrawn bore to the previous aggregate value of the whole property of the country, but in a proportion intermediate between the two*, according to the circumstances under which the withdrawal is made. For, if the contraction be sudden, the effect will be a panic, creating a ruinous depreciation of the values of property. This feature of the financial policy of the Bank of England has borne with a crushing and most ruinous effect upon the monetary system of the United States; for theirs being the weaker part of the British system, it was necessarily subject to all the contingencies by which the money market of London was affected, with the certainty that the explosions must of necessity take place in the United States. For, inasmuch as that Bank's issues are regulated by the bullion in its vaults, if, from any cause, there be an unusual demand for specie, as there was in 1825 to enable the Bank to resume and continue specie payments, or in 1836 to pay the West India planters the \$100,000,000 due for their emancipated slaves and to purchase bread, or as in 1857 to defray the expenses of the war in India, then the pressure for specie on the Bank will compel the Bank to curtail its discounts, and merchants and manufacturers being compelled to pay their indebtedness, instead of selling their goods and manufactures in that market, will send them through a London Banker to New York to be sold at auction, the proceeds to be remitted in specie. It is thus that the regulations of the Bank of England act on prices; and it was because the merchants of England, under the pressure of the Bank screw, were compelled to demand specie, instead of shipping Amer-

ican produce in exchange for their merchandize in 1822, and in 1837 and again in 1857, that the banks of the United States were compelled to suspend specie payments; and it was the fruitless efforts of the banks of the United States to sustain themselves against the pressure thus created, that overwhelmed the United States in ruin and bankruptcy. The continual fluctuations, the expansions and contractions of the currency and of the credit of the United States, and the overwhelming losses and disasters consequent upon them, are due, not to the overtrading or imprudent speculations of the people of the United States, but are each and all traceable to the defects in the monetary system of England, which, whilst making the largest possible use of credit, compels the Bank of England periodically to arrest the progress of her industry by reducing her credits and her currency to an apparent specie basis. We say apparent: for frequent and disastrous as these recurring spasmodic efforts have been, they only prove that the end proposed is impossible.

To us, it seems that if the issue of Treasury notes of the Confederate States, of denominations suited for currency, and convertible into bonds bearing a rate of interest, which will make them equal to gold and silver, and they are received by the Confederate States, by the several States, and by the several counties, cities and towns for taxes, and are also received and paid out by our banks and Railroad Companies as currency, then they will be received by all our people as money for all the produce of our soil and labor, and we can by their use place our produce in the market on terms that will enable us to regulate the exchange of the world. Such a currency will so diminish the home demand for gold and silver, that the quantity required for the payment of debts and purchase of property will be no more than the small sums required for change; and this currency, although it will not take wings and fly to London at the call of the Bank of England, will command the commodities which constitute our exports, and which were the basis of the immense bank credits and deposits in the banks of New York, and which, if we desire it, will create so large a balance in our favor as to compel the flow of a counter current of the precious metals into the vaults of our banks, giving to our monetary system a strength and stability, which will enable us to use the public credit, in the shape of Treasury notes, for a sum so large as to reduce the duties on imposts below the hopes of the most sanguine advocate of free trade.

What sum of Treasury Notes may be thus used as currency, and what the rate of interest on the bonds should be, are matters of detail to be fixed by experience; but if the sum be \$100,000,000, and the interest on the bonds be 8 per 100, the saving will be \$8,000,000 per annum, less the cost of issuance and administration. If it be \$200,000,000, and we see no reason why it may not be more, then the saving to the public will be \$16,000,000 per annum, less as before.

But this saving will be only a small part of the benefits to flow from such a system. The convertibility into a funded debt bearing a proper rate of interest, will always keep the notes at par, and the fact that this currency is not liable to take wings and fly away to England or elsewhere, will regulate the quantity so as to secure to us a cheap and stable currency, which will give constant and profitable employment to our people. It will build our Railroads, cultivate our lands, and, more than all, it will not only prevent depreciation but will give a constant gradual progressive increase in the values of our property. By showing that we have within ourselves all the credit and resources to defend and protect our rights, it will, it is to be hoped, bring us a speedy and satisfactory peace. For if the North find that we not only have the men to fight our battles, but the credit to pay the expense of the war, they will be more inclined to peace.

It has been objected that the public may fear an over-issue and consequent depreciation. The answer is, that the holder of Treasury notes may at pleasure convert them into bonds, bearing a rate of interest giving a value equal to gold and silver. They will not, therefore, be like the paper money of the Revolution, which was issued at nominal rates, and were not redeemed because they were so issued; but they will partake of the character of the funded debt of the United States, which bearing interest, was a favorite investment and paid off at a premium. This feature will regulate the quantity of Treasury notes in circulation, and the value of the funded debt. For if the quantity of Treasury notes is so great as to depreciate their value, then they would be funded, and if the price of the funded debt was much above par, so as to diminish the quantity of Treasury notes in circulation, as they should be redeemable at pleasure, the Government by an increased issue of notes convertible into bonds at a diminished rate of interest, should

cancel a sufficient sum of the funded debt to supply the requisite circulation, and thus reduce the bonds to par. Thus the bonds and the notes may be made to regulate the value of each other so as that the value of each shall at all times be at par with gold and silver.

Again. As we have before said, the Banks of the United States have been so often permitted to suspend specie payment, and the value of the notes of the suspended Banks as a currency has been so fully established, that it is only necessary to compare the Treasury notes with the Bank notes, to prove that they will be a reliable currency. Congress has power "to borrow money on the credit of the Confederate States." The Treasury notes will be a loan, and Congress has power "to lay and collect taxes, duties, imposts and excises for revenue, necessary to pay the debts, provide for the common defence and carry on the government of the Confederate States." The power of taxation includes the right to pay the debts, and as the Bank notes represent the property of the Banks only, and the Treasury notes represent all the property of all the people of all the Confederate States, including as well the property of Banks, as the other property of every description, it follows that the basis of the Treasury notes is as much stronger than the basis of the Bank notes as the relative wealth of all the people of all the Confederate States, including the wealth of the Banks themselves, is to the wealth of the Banks. But we have a guarantee that there will not be an over issue of the Treasury notes in the fact that so much as are funded will be a debt on the people, who, through their representatives, can regulate the issues so as to limit the sums to be funded.

The writer had the honor to be the intimate and confidential personal and political friend of Mr. Calhoun, and for many years, to vindicate his opinions, principles, conduct and motives from the aspersions of his personal and political enemies, and especially from the aspersions of those whose political principles, (if they are worthy to be dignified as principles) measures and policy he then foresaw and foretold, would, if triumphant in the government, necessarily dissolve the Union. The subject of finance and currency was frequently discussed between them, and Mr. Calhoun again and again said that an issue

of public credit, under wise regulations, *forbidding an over issue*, was the cheapest and best form of currency. Were he now living, his whole influence would be exerted to protect the Confederate States from the defects of the monetary system of England and the United States to which we have referred.

In confirmation of the same views, we would refer to the able work on the "Ways and Means of Payment," by Stephen Colwell, of Philadelphia, in which he gives a chapter on the use of public credit as currency. The facts and illustrations which he gives in explanation of the use of credits are so important, that we quote much at large. Upon this subject, he says:

"Whatever may be said in defence of the position that paper currency is based upon the precious metals, it is very certain that, both in this country and in England, paper currency is the chief medium of payment. In the first eight months of 1857, the clearings or payments at the New York Clearing House fluctuated between \$655,000,000 and \$770,000,000 for each month. In addition to which, large payments occurred, not indicated at the Clearing House. All payments made in any Bank by a check on that Bank are completed there, and do not go to the Clearing House. The Banks only resort to the Clearing House for the adjustment of the checks they receive and the claims they hold on other Banks. The monthly payments of New York were little less than \$900,000,000 from January to August, 1857. During that time the average amount of specie in the Banks was under \$12,000,000; the deposits averaged \$5,000,000, and the circulation \$8,000,000. It is apparent, then, that \$103,000,000 of Bank notes and deposits effected, by aid of the books of the Banks, payment of not less than \$20,000,000 daily, whilst the \$12,000,000 of specie in the Banks scarcely moved at all.

"The actual agency of the precious metals in these current daily payments is altogether too small to be either appreciated or noticed. It is only employed for the payment of occasional balances in the foreign and domestic trade. We have already adverted to the fact that when the panic of 1857 set in, it cost the city of New York a contraction of bank facilities to the amount of \$66,000,000 to retain \$12,000,000 of gold. In August, 1857, the loans of the New York Banks amounted to \$122,000,000 and the deposits to \$91,000,000; in the middle of October, the loans had fallen to \$97,000,000, and the deposits to \$52,000,000. Thus the Banks were obliged to withdraw from the public \$66,000,000 of paper currency, to keep \$12,000,000 of gold in their vaults. This was withholding daily \$1,000,000 of the customary bank facilities for sixty-six days. So long as the Banks could, by this extraordinary contraction, keep their average of specie to nearly the amount of \$12,000,000, they continued it. About the middle of October even this terrible expedient failed. The patience of the public gave way: the people stepped into the Banks and took out \$1,000,000 of specie, and the Banks stopped. But the consequences and operation of this contraction are not shown by the fact of the withdrawal of \$66,000,000 of currency in as many days. The amount of currency at any particular time never exhibits the amount of payments which that currency can effect in a single day, its power or efficiency must be estimated by the sum of the payments, which can be accomplished within a given time. The real contraction or diminution of payments would be shown by a comparison of the actual transactions of the Banks for a day or week as the different periods compared. As it has not been customary to report the whole movement of the funds in the banks, we must resort to the Clearing House for the best approximation. The average clearings in New York exceed \$700,000,000 each month from January to August, 1857; in September they were \$481,000,000; in October they were reduced to \$308,000,000, much less than half the monthly average from January to August. Here is an actual falling off, in the monthly payments of the Clearing House alone, of \$350,000,000, or more than \$12,000,000 daily: that is, the efforts of the Banks to keep less than \$12,000,000 of specie involved a diminution of the payments of the city of \$12,000,000 daily. The whole sum of the payments made in the Clearing House, in the months of September, October, November and December, 1857, were less, by \$1,428,000,000, than the amount paid the preceding four months. The severity of this contraction was further shown by the advance of interest from 8 to 10 per cent. in July to 24 and 36 per cent. in October."

The same writer estimates the payments in the United States in 1857 at \$90,000,000,000, and assumes that \$85,000,000,000 were paid through the agency of the Banks and by set off; and says :

"The credit system has thus accomplished the great result of separating the actual sale and delivery of commodities—the actual transactions of commerce—from the payments. The progress of civilization and private integrity have made this possible; its immense advantage is such as not only to secure its continuance, but to make it a very strong safeguard of commercial honesty. Almost the entire commerce, foreign and domestic, of the whole civilized world is now carried on from day to day and year to year with much less, we believe, than one per cent. of the actual values exchanged in coin and bullion. The whole of the prices, sales, bargains, books of account, notes and bills of exchange are expressed in money of account; and the whole processes of adjustment by bankers, brokers and clearing houses are all stated and expressed in money of account.

"The credit system, then, intervenes with its various devices of books of account, promissory notes, bills of exchange, bank notes, bank deposits, clearing houses, &c., to enable the parties who have bought and sold, who are all creditors and all debtors, to liquidate their debts and credits, and thus extinguish them so far as they are equal; that is, where a merchant has to receive during the year \$200,000 and to pay \$190,000, the credit system adjusts the whole sum of \$390,000, by paying the \$10,000 difference in money, and extinguishing the \$380,000 by set off or liquidation. The goods, which go out of the manufactory or warehouse, pay for those which come in. The difference only requires money. To effect the exchange with advantage, laborers, horses, warehouses, wagons, drays, canal boats, railways and ships are employed; to effect the payments gold and silver for the balances, bills of exchange, promissory notes, bank notes, banks, bankers, and all the devices of books, checks and clearing or balancing accounts are requisite.

"The economy of these means of making payments is scarce less than that enjoyed by commerce in the means of transportation above mentioned. To make the daily payments of the clearing houses in gold would require some three or four hundred tellers; in silver an army of some thousands, with a vast number of drays, carts and laborers for its removal. The cost of keeping on hand such a quantity of the precious metals would be enormous for the interest alone, besides all the extra expense of tellers, clerks and assistants. To save this, the machinery of credit is put in motion, and payments are effected as we have described. What a nation imports it pays for by what it exports; what a district receives for its consumption it pays for by what it furnishes for the consumption of others, and what an individual merchant purchases in the way of his business he pays for by what he sells in the way of his business. When coined money is used in these transactions, they can only be carried on to the extent that such money can be obtained for the purpose, and with that speed at which money can be made to circulate; but when credit in its various forms is used, then this business finds no limit but the limit of human industry in producing, and human power in transportation and distribution and human integrity in the subsequent processes of payment."

If we analyze the condition of the Banks of New York in 1857, we find that, beyond the sum of \$12,000,000, all was credit. The sum of specie and Bank notes was but \$20,000,000, and yet their deposits were \$95,000,000! It is apparent that these ninety five millions of deposits were the proceeds of the bills receivable, discounted by the banks for account of their customers, which being passed to the credit of the debtors of the banks became deposits, and were represented in the operations of trade by certified checks, which checks were used in the purchase and movement of commodities and were received by the banks in payment of debts due to them, and as the debits and credits balanced each other, the payment of thirty millions daily was arranged through the clearing house by an exchange

of these certified checks. For it is apparent that if sixty banks held thirty millions of bills receivable, which were represented by thirty millions of certified checks which checks had on the day before been paid out in the purchase or movement of commodities, the sums due each bank were equal to the sums due by such banks, and therefore the sums which each bank was entitled to receive were equal to the sums, which such banks were required to pay; and it was found that each bank would, in the course of its business receive a sum of the certified checks of other Banks sufficient to pay all of its own certified checks or nearly so; and that if upon an exchange of these checks through the clearing house, each day, the accounts were not balanced, all that was required was an arrangement between the banks for adjusting the balances, and this was done by depositing specie, or bills receivable, with a bank or trustees mutually chosen, thus creating a fund, a check upon which was received in payment. It was thus that the credit of the banks was made the basis of these operations and enabled the merchants of New York to move the immense mass of commodities, which entered into their domestic and foreign trade of that year, and of which the exports of Confederate States constituted the greater part.

In further illustration of the extent to which credit may be used under the improved machinery of commerce, we refer to the fact, stated by Chevalier, as translated by Mr. Cobden, that by the official returns of the banks of England and Wales for ten years, from 1846 to 1856, the annual average circulation of bank notes had diminished \$7,962,500, whilst by reference to the stamp office, it appears that the use of bills of exchange had increased at the rate of \$90,000,000 per annum, and that with a circulation of \$155,005,135 of bank notes in the United Kingdom, there were at a given moment, in 1857, \$900,000,000 of bills of exchange in circulation; shewing most conclusively how small a proportion of the *precious metals* is required to maintain the value of credit under a well regulated system of commerce.

By the official returns to the Treasury of the United States, ending July, 1859, it appears that

The Exports of the Confederate States, were,.....	\$177,563,868
Whilst their Imports were but.....	23,236,801
Leaving an excess of Exports of.....	\$154,327,067
The Imports of New York, Pennsylvania and Massachusetts, were.....	\$286,836,275
Their Exports,.....	126,041,784
Making an excess of Imports of	\$160,844,441

This excess of Northern imports are paid for by the excess of Southern exports. The process of payments was thus. A Northern or European Banker came to New Orleans, Mobile, Savannah or Charleston, and purchased or made advances on cotton or other produce, and paid, not in money, but by a bill of Exchange on New York, which bill upon New York was paid by a second bill upon London, and the bill on London was paid by the products of sales of cotton in Liverpool. The cotton *in transitu* was the basis of the bills of exchange, as well as those upon London, as of those upon New York, and the Southern planters, through the agency of the Northern and European Bankers, placed in London this sum of \$154,327,067, to the credit of the banks of New York, which had purchased the second bills of exchange. The New York banks purchased these second bills upon London, because the merchants of New York purchased goods in Manchester and Lyons and therefore want funds in London and Paris, and the banks in New Orleans, Mobile, Savannah and Charleston purchased the first bills on New York, because the Southern merchants purchased goods in New York and therefore required funds in New York.

When we take into account the fact, that, large quantities of cotton, tobacco, flour and naval stores, produced in the Confederate States, were included in the exports from New York, it will be seen that, inasmuch as the surplus products of the South constitute so large a part of the basis of the trade and industry of European nations, we have in the Confederate States ample resources for such a regulation of the foreign trade as will protect us from those "*continual fluctuations*" in the money market of England which have under the system of foreign trade of the U. States produced such ruinous contractions and expansions of the values of property.

Again. By referring to the table given above, it will be seen that although the Bank of England suspended specie payment in 1797, and did not resume until 1825, the Bank of England note was equal to gold in 1800, although the public credit had depreciated $58\frac{1}{2}$ per cent. Why was the public credit, which paid a dividend of three per cent. depreciated $58\frac{1}{2}$ per cent. below the credit of the bank note, which did not pay specie and paid no dividend, when nearly the whole capital of the bank was invested in that depreciated public credit, and the bank had a circulation of \$75,800,000? Was it not because the bank note was used

as currency, and was therefore subject to the laws, which regulate the relation between the values of money and of property, whilst the public credit was property and was bought and sold as property, and therefore subject to the laws, which regulate the relation between the values of property and of money?

If this be so, (and is it not proven?) should not the Banks, Rail Road Companies, Merchants, Manufacturers, Laborers, Planters, farmers, all the people of the Confederate States agree to receive and pay out the Treasury notes of the Confederate States, as money, and thus make them available as currency, since being fundable, in case of depreciation, as before said, they will be funded so as to reduce the quantity in circulation to the sum requisite for currency?

Indeed we believe that, as soon as we have peace, the government may reduce the rate of interest on the funded debt to five, instead of 8 per cent. or even less. Those, who have funds to invest will soon realize that a bond of the Confederate States for twenty dollars, bearing an interest of 5 per 100, will in one year become twenty one dollars; whereas twenty dollars in gold, as we will presently show, instead of bearing interest and increasing in value, as the Treasury note, when funded, will do, will become from year to year less and less valuable.

Jacob's estimated that there was in Europe at the time of the discovery of America,

In Gold and Silver,.....	\$170,000,000
And in 1599,.....	650,000,000
“ 1699,.....	1,485,000,000
“ 1809,.....	1,900,000,000
“ 1829,.....	1,566,942,800

It is admitted by all that the effect of the increased quantity has been to diminish the value of the precious metals. Chevalier estimates that the value of silver has fallen as 6 to 1. and of gold as 4 to 1, and argues that if the supply of gold from Australia, Siberia and California continues the same for ten years from 1857 as it then was, the value of gold will be reduced one half. He estimates the entire produce of gold from the American mines, (which was the chief source of supply) from 1492 to 1848 at \$2,007,900,000, and argues that if the *increased* annual supply is but \$175,000,000, which he asserts to be less than the real sum, then the increase in ten years will be \$1,750,000,000.

He estimates the sum to be used as currency in States now

short of gold at.....	\$250,000,000	
To meet increase of population and commerce.....	154,000,000	
For currency of the world.....	154,000,000	
For wear and tear in ten years.....	105,000,000	
For use of Jewelers, Manufacturers, &c.....	245,000,000	
Making.....		892,500,000

Leaving to act on prices.....\$857,500,000

He argues that the effect of this increased supply of gold will be to reduce the value of fixed incomes, (salaries, bonds, mortgages, &c.) one half in ten years, whilst Mr. Colwell says that "the whole depreciation of the precious metals produced by this increased quantity does not, measured by the rise in prices, exceed from 400 to 500 per cent., whilst their volume has swelled to 1500 per cent." But it is admitted by all that the resulting consequence of the great increase of gold will be to reduce its value and to increase the value of labor and other property in the ratio of the depreciation of the precious metals. It is well known that the most astute bankers and capitalists of Europe, now prefer rail road shares to bonds as an investment, because the receipts of rail road companies will increase with the increased activity given to industry and commerce, by the increase of the precious metals and the increased price of labor and its products. It follows that if this increase of gold shall diminish the value of the funded debt of Europe, there will be an increased tendency to invest in our rail road shares, because the products of the Confederate States, which constitute our exports, must (the greater part of them) pass over our rail roads, and the stimulus given to European manufactures by our system of free trade and increased consumption consequent on the increased activity of labor and of commerce, will so increase transportation and travel as to greatly increase the profits on the capital so invested. As with Treasury notes as a currency, we can extend our system of railways and the value of our funded debt will depend on the rate of interest, our railway shares and funded debt may, if we desire it, be placed in the European market in sums sufficient to strengthen our system of exchanges so as to protect us against any attempt on the part of the Bank of England to coerce an undue export of our specie. For as the use of our produce is with the people of England a necessity, and the use of their manufactures is to us a convenience, it is apparent that, having a paper currency sufficient to supply our domestic exchange and move the body of our exports, we could by our exports so regulate our foreign exchange as to give us "a money

market undisturbed by continual fluctuations"—that desideratum so long sought for by the political economists and statesmen of England.

As the purpose of giving to Congress the power to coin money and regulate its value and inhibiting the States from making any thing but gold and silver coin a tender in payment of debts, was to give a certain fixed value to money, and thus give a certain and stable value to credit and property—it would seem that it is no less the duty of government to counteract as far as practicable, all other causes, which may tend to depreciate or render uncertain the values of credit and property, which it was the purpose of the Constitution to protect. It was in conformity with this principle that the great Lawgiver said to Moses,

"If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury."

"Ye shall do no unrighteousness in judgment, in meteyard, in weight or in measure,"

"Just balances, just weights, a just ephah and a just him shall ye have. I am the Lord, your God, which brought you out of the land of Egypt."

It is because money is the *measure* of values, as the yard stick is the measure of cloth, that the laws of most civilized nations forbid its being made a commodity, to be purchased and sold as other commodities are. For as the legitimate use of money is to *measure* the values of commodities, which are purchased and sold in the market, the effect of fluctuations in the value of money is the same as the effect of fluctuations in the standard of weights and measures. Thus if A, were to contract to deliver to B. 100 bushels of wheat or 1000 pounds of beef, on a given day, and the bushel measure or pound were to be changed, so as to require A. to deliver a greater or less quantity of wheat or of beef, all men would say that such change in the measure or weight would be unjust. Surely no one will deny that, as the Constitution has given to Congress power "to fix a standard of weights and measures," Government should discharge that duty so as to prevent, as far as practicable, any such change in the weights and measures used in the operations of trade. All men agree in this; because a change in the weights and measures would come home to the every days experience of all, and the effect would be so palpable that all would condemn it. If, as we argue, the frequent recurring expansions and contractions of the currency of England and of the United States are the result of the measures adopted by the Bank of England to obtain supply of bullion, which by act of Parliament regulates the issues of that bank, and the effect of such expansions and contractions

of the currency be to increase or to lessen the values of credit and of property, it is apparent that such expansions and contractions are in effect the same, and will work the same injustice between man and man, as if Government were to permit the size and weight of weights and measures to be increased or diminished. Is it not obvious that the duty, imposed by both these grants of power, is the same; and that it is as much the duty of Government to fix, as far as practicable, a standard value of money, as it is to fix a standard of weights and measures? We admit that one is more difficult than the other, because the value of money depends on the regulation of our foreign as well as of our domestic trade, and our weights and measures may be restricted to our domestic use. But this difference in the subjects of these two granted powers, does not release the government from the obligation to make the appropriate provisions for each. Therefore as the *value* of our gold and silver coin is subject to the continual fluctuations resulting from the expansions and contractions of the Bank of England, if it be possible to do it, is it not the duty of our Congress, under the clause which gives them power to regulate the values of money, to give us a currency having all the requisites, for our own use, of gold and silver, and which, whilst it will enable us to send into the foreign market all our surplus products as well as gold or silver could do, will not be subject to the action of the Bank of England and will therefore be free from the continual expansions and contractions and consequent fluctuations in value of gold and silver?

Whatever else may be said of the government and people of England, none can question the comparative extent of their commerce or their wealth and resources as a nation. The density of her population and the necessities of her commerce require a general distribution of labor, and it is an important fact that whilst, by the use of her machinery, she is enabled to give such employment to her labor as to create her immense resources, she is dependent on the Confederate States for the chief supply of the raw material, which constitutes the basis of so large a part of her industry and prosperity that it may well be said that we are one of the main pillars of her strength and influence. England is therefore dependent on us for the maintenance of her wealth and prosperity. It is her policy through her commerce to create a balance against other nations to be paid at the pleasure of the Bank of England in specie, because she thus regu-

lates the exchanges in favor of London. Yet as she is dependent upon the Confederate States for so large a supply of the raw material, it is obvious that these States may create for themselves a domestic currency, which can place our exports in our sea-ports and purchase whatever we may want of British merchandise, and if we desire it, create a balance to be paid to us in specie. Thus we may, through our exports, use the Bank of England itself to regulate the exchanges of the world in our favor. We need not repeat what we have already said to prove that the proposed Treasury notes will give us such a currency as we have described.

In further illustration of the value of money we give a table showing the minimum rates of interest charged by the Bank of England for a series of years from 1844 to 1857:

Date	Jan.	Feb.	Mar.	Apr.	May.	June	July.	Aug.	Sept.	October	Nov.	Dec.
1844									2½			
1845										3		
1846								3				
1847	3½ & 4			5			3½	5 5½ 6		8		6 5
1848	4										7	
1849											3	
1850											2½	
1851												2
1852	2 ½			2								
1853	2½ 3					3½			4½ 5			
1854					5½			5				
1855				4½	4	3½			4½ 5	5 6 7		
1856					6 5	4½				5 6 7	7	6½ 6
1857			6½	6			5½		6	6½ 6 7 8, 9		10

It will be seen that the rate of interest charged by the Bank of England has during the 14 years here quoted, changed as often as four times in one month, and varied from two to ten per cent. What would be said of a regulation of weights and measures, which would permit such variations in their weight and size? Would any civilized people permit it? We think not, and yet such changes in weights and measures would not effect so injuriously the values of property, because from the nature of things, every purchaser would first agree upon the weights or measure to be used, and would thus regulate quantities for himself. But in the case of money, that would be impossible, for as the value of money, as regulated by the Bank of England, depends on contingencies which it is impossible for either of the parties to foresee, it is therefore impossible for them to ascertain or agree upon the effects, which the regulations of the Bank will have upon the values of property. Therefore it is much more the duty of the government to take these facts into consideration, and as far as practicable protect the people of the Confeder-

ate States against the derangements of the values of property, which are and must continue to be the inevitable consequence of undue contractions and expansions of the currency through the Bank of England.

To show that the variations in the rate of interest as quoted from the returns of the Bank of England are not an indispensable part of the banking system, we give the variations in the rate of interest charged by the Bank of France for a period of 37 years :

From 20 Feb., 1800, to Nov. 13, 1806, the rate was.....	6	per cent.
" 14 Nov., 1806 to 4 Aug., 1807, ...	5	" "
" 5 Aug., 1807 to 28 Feb., 1814, ...	4	" "
" 1 March, 1814, to 31 July, 1814, ...	5	" "
" 1 Aug., 1814 to 31 Aug., 1814	4	" "
" 1 Sep., 1814, to 21 May, 1819, ...	5	" "
" 1 June, 1819, to 31 Jan., 1820	4 & 5	" "
" 1 Feb., 1820, to 13 Jan., 1847, ...	4	" "
" 14 Jan., 1847 to 26 Dec., 1847, ...	5	" "
" 27 Dec., 1847, to 2 March, 1852	4	" "
" 2 March, 1852, to 6 Oct., 1853	3	" "
" 7 Oct., 1853, to 19 Jan., 1854, ...	4	" "
" 20 Jan., 1854, to 11 May, 1854, ...	5	" "
" 12 May, 1854, to 4 Oct., 1855, ...	4	" "
" 5 Oct., 1855, to 17 Oct., 1855, ...	5	" "
" 15 Oct., 1855, to 30 March, 1856, ...	6	" "
" 31 March, 1856, to 24 Sep., 1856, ...	5	" "
" 25 Sep., 1856, to 24 June, 1857, ...	6	" "
" 25 June, 1857, to 1 Sep., 1857, ...	5½	" "

Does not this table prove conclusively that the fluctuations in the rate of interest made by the Bank of England are not a necessary part of the banking system?

Another striking fact bearing on this question is, that whilst the Bank of England, with a view to command the specie wanted for the expenses of the war in the Crimea and in India and China, increased the rate of interest from 2 per cent. in 1852 to 10 per cent. in 1857, and thus compelled the merchants and manufacturers of England to purchase the silver, which was the currency of France, the Bank of France purchased \$272,600,000 of gold, at a cost of \$2,800,000, to supply the place of the silver, which had been sold to England! The effect of the high rate of interest and the contraction of the currency by the Bank of England was to throw on the commerce of England the onus of supplying the specie wanted to defray the expenses of the war in the Crimea and in India. But it created so great a demand for money and so enhanced its value as to so change the relation of debtor and creditor, that the losses were many

times the entire sum so expended by the Government. Whereas the entire cost of supplying the \$272,600,000 of gold to the currency of France in lieu of the \$225,400,000 of silver, which she had lost, was but \$2,800,000, a comparatively small sum, which was much more than compensated for by enabling the Bank of France to continue the entire line of its discounts, thus sustaining the industry and commerce of France. If we contrast the measures and policy of the Bank of England with the measures and policy of the Bank of France, we find that whilst the Bank of England carried ruin and bankruptcy wherever its influence could reach, and especially throughout the United Kingdom and the United States, the Bank of France, by keeping the volume of her discounts and the currency full, protected the industry and commerce of France and by giving employment to her people, made France, even in the midst of war, prosperous and happy, and enabled the wise sovereign of France to relieve his people from the burden of the war by placing among themselves his Treasury notes, in sums varying from 5 francs to 1,000, for an amount equal to the increased expenses of his Government. This fact is a further illustration of the capacity of a people to absorb a public debt, if issued to the people themselves in a shape which enables them to use it as a currency or to hold it as an investment.

The proposition submitted to the people of the Confederate States, as we understand it, is that the people shall agree to lend to the Government such part of their produce as may not be requisite for their own support. and receive in payment the Treasury notes and Bonds of the Government. Would it not be a much more simple measure for all the creditors of the Government to receive the Treasury notes of the Government in payment, and for the several States and all Banks and corporations and all the people to receive and pay out their notes as money? If so, then the entire issue should, in the first place, be in Treasury notes, made fundable at the option of the holder, because in that case we will not only save the interest on the sums requisite for currency, but we would get a currency better than gold or silver, because it will perform all the functions of specie and not be subject to the influence exerted upon a specie currency by the Bank of England.

Some apprehend that the effect of a large issue of Treasury notes, as currency, will be to limit the circulation of bank notes, so as to lessen the profits of the Banks, and that, therefore, they will refuse to receive and pay out Treasury notes. We have seen that the purpose of giving to Congress power to coin money and regulate its value and to fix a standard of weights and measures, was to "establish justice" between man and man by giving a fixed and stable value to money; that the effect of the measures and policy of the Bank of England is to defeat that purpose by repeated contractions and expansions of the currency of England, which cause constantly recurring, fluctuations in the value of money and consequent fluctuations in the values of property. That the purpose of these contractions is to throw upon the commerce of England the onus of recruiting the bullion wanted for the Bank; and that the effect of the measures of the Bank is that, instead of receiving the staple products of other nations in exchange for their exports, as under a well regulated system of free trade the merchants of England would do, they are compelled to demand specie, because the process of compulsion on the part of the Bank is to require payment of debts due the bank; and as nothing but gold or silver or Bank of England notes will be received in payment, instead of receiving cotton or other American produce in exchange for his goods, the British merchant is compelled to demand specie. The effect of that demand is illustrated by the facts stated by Mr. Colwell, who says:

"In August, 1857, the loans of the New York Banks amounted to \$122,000,000, and the deposits to \$94,000,000. In the middle of October the loans had fallen to \$97,000,000, and the deposits to \$52,000,000. Thus the Banks were compelled to withdraw from the public \$66,000,000 of paper currency to keep \$12,000,000 of specie in their vaults."

The consequence of this contraction by the Banks of New York was to arrest the progress of the industry of the United States, and by spreading ruin and bankruptcy throughout the land to diminish their own business and profits.

It is important that we should fully understand the process, by which the Bank of England regulates the exchanges, that we may rightly appreciate its effect on the currency of other nations having trade with England. We therefore repeat that, wanting silver to pay the expenses of the war in India, the Bank of England paid a premium sufficient to cause an export of silver from France of \$225,400,000, and that instead of cur-

tailing its discounts, and thus arresting the progress of the industry of France, the Bank of France purchased \$272,600,000 of gold to supply the place of the exported silver, and was thus enabled not only to keep the volume of its circulation full, but to continue specie payments, whilst the Banks of New York, following the example of the Bank of England, curtailed their discounts nearly one-half in their fruitless efforts to continue specie payments. The contrast between the action of the Bank of France and that of the Banks of New York and the resulting effects, shows that the Banks are most prosperous when the community are prosperous; that the solvency of the Banks depends on the solvency of those whose notes are discounted by the banks; and that their profits depend on the stability of the values of property, for upon this depends the ability of those who may be indebted to the Banks to make punctual payments.

We have seen that the Bank of England may at any time, by refusing to renew their discounts, compel the merchants of England to refuse to receive our exports in exchange for their goods, and that the effect under the present system will always be to cause such an export of specie as to compel our Banks to contract their discounts, and thus greatly lessen their profits.—We believe and argue that, if Treasury notes are fundable at the pleasure of the holder, it will prevent their depreciation; and that inasmuch as these notes will create an abundant and cheap currency, equal to gold and silver for the purpose of domestic exchange, but which will not be convertible into specie, and therefore will not be, like bank notes, a medium by which our specie can be withdrawn from our banks for export. Therefore the issue of Treasury notes, by creating an abundant and cheap currency, which will be stable in value, will relieve the Banks of the Confederate States from their dependence on the Bank of England and the foreign exchange, as regulated by that Bank, and by giving a healthful stimulus to the industry of the country, so increase the business as to enlarge the profits of the Banks. For the profits of the Banks depend much more upon the extent of their business and the certainty of punctuality in payments than upon the circulation of their own notes. In proof of this, we refer to the following statement of the capi-

tal paid in, the deposits and current liabilities, and the dividends of some of the Banks in London :

Bank.	Capital paid in.	Deposits and liabilities.	Rate of div.
London and Westminster.....	\$5,000,000	\$69,565,295	18
London Joint Stock Bank.....	3,000,000	53,492,650	22½
Union Bank of London.....	3,000,000	54,373,200	20

It will be seen that, although these banks are not authorized to issue their own notes, the proportion of paid up capital to the deposits and current liabilities of the London and Westminster is but seven per cent., whilst that of the London Joint Stock Bank is but $5\frac{1}{2}$ per cent., and of the Union Bank it is but $6\frac{1}{2}$, giving to one Bank 18, to another $22\frac{1}{2}$, and to the other 20 per cent. as dividends.

We might give detailed statements and trace the causes which have led to the insolvency of Banks in the United States and in Great Britain, to show that, although there have been cases of dishonesty, they were chiefly the result of fluctuations in the value of property, caused by derangements of the currency, attributable to the causes we have endeavored to explain, and thus show more conclusively that the Banks, as they deal in credit, are of all others most interested in protecting the value of credit by giving stability to the currency. But we hope that the relation between the quantity of bullion in the Bank of England and the value of money in London and the money market of the United States is now so well understood that further illustration is unnecessary. We therefore conclude by a brief resume of the points made and facts cited in the course of our remarks.

Money is a token issued by Government and made a tender in payment of debts.

Nothing but gold and silver coin is a tender in payment of debts in the Confederate States. Therefore nothing but such coin is money.

Bank of England notes are in England a tender, and therefore those notes, as well as gold and silver coin, are money in England.

The money which circulates in any country and by means of which the produce of its lands and labor is distributed to the proper consumers, constitutes a very small part of the aggregate value of its property ; because all beyond the sum required to

make the transfer is a dead stock, which produces nothing ; and therefore as the healthful action of the body regulates the quantity of blood requisite for the proper support of the vitality of the human system, so the healthful action of commerce will regulate the sum of the precious metals requisite to the discharge of their proper functions in the operations of trade.

The use of money is to measure the values of property as the use of the yard-stick is to measure cloth. It is therefore as requisite that there should be a certain and fixed relation between money and property as that there should be a certain and fixed standard of weights and measures.

As the the relation between the gold and silver and the property in the Confederate States is liable to repeated and ruinous fluctuations caused by the expansions and contractions of the Bank of England, which are avowedly intended to compel the merchants of England to bring back to the Bank the specie it wants ; and as under the system of trade with England as regulated by the Government of the United States, a large part of the specie wanted by that Bank has been taken from the United States ; and it is apparent that if the Confederate States adopt the same system of currency, the proposed free trade between them and England will give increased facilities for the export of the specie requisite to maintain the proper relation between the quantity of specie and the values of property in the Confederate States, it is the duty of Congress, as far as possible, to protect the currency of these States from the effects of the measures and policy of the Bank of England. We argue that this can best be done by the creation of a paper currency, not liable to be converted into gold and silver, and which, being fundable at a proper rate of interest, will at all times maintain a stable value, and therefore be equal to gold and silver in the movement of the produce of our soil and labor. As the stability of the values of property depends upon the maintenance of the requisite quantity of money, and the healthful action of our domestic commerce will ascertain and properly distribute the sum requisite for this purpose, Congress having fixed the fineness, weight and description of gold and silver coins, should prevent, as far as practicable, an undue disturbance of the precious metals resulting from any extraordinary demand for them in the London market. This, it seems to us, can best be done by the issue of Treasury notes fundable as

proposed. The notes should be of small denominations, without interest, so as to answer all the purposes of currency. The value of such a currency has been fully tested by the use of the notes of the suspended banks, and by the French loan for the war in Italy, which was issued in denominations as low as five francs (less than one dollar).

The extent to which credit resting on a proper basis may be used in a well organized system of commerce is exemplified by the fact, that whilst the average quantity of money (Bank of England notes) used in England and Wales, during the ten years from 1846 to 1856, had diminished nearly \$8,000,000, the sum in the shape of bills of exchange had increased at the rate of \$90,000,000 per annum!! there being at one time \$900,000,000 of such bills in circulation!! and the Banks of New York, with \$8,000,000 of bank notes, were, after the suspension in 1857, enabled, by the aid of bank credits, to do a business of more than \$50,000,000 per day, without the use of a dollar in specie.

In further illustration of the value of public credit, and of the extent to which it may be used by an intelligent and industrious people, it may be well to repeat that the first census of Great Britain was taken in 1801, and although the population then was but 10,567,893, their public debt was, in 1855, \$4,017,476,975, and the annual charge on account of it was \$140,929,790. Yet it was distributed among 540,208 of their own people, of whom 185,181 were entitled to dividends of but \$25 and under, and in 1856, 1,281,926 persons had deposited in the Savings Banks to the use of the Government \$161,243,220, of whom 135,104 had deposited sums of five dollars only, or less.

We repeat these figures and statements that the people of the Confederate States may realize that the proposed loan may, by the use of Treasury notes, be taken up by themselves; that to the extent that these notes are used as currency they will be a better currency than gold and silver coin, or the notes of specie paying banks, for whilst their value will be the same as gold and silver, they will give stability to the currency and to the values of property, because they will not be liable to be carried to the vaults of the Bank of England, and as they should bear no interest, they will to the extent of their issue be a saving of that sum in taxes.

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